

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION
OF DELMARVA POWER & LIGHT COMPANY
FOR ITS 2018 TRANSMISSION FORMULA
RATE FOR ITS ELECTRIC SUPPLY AND
TRANSMISSION CUSTOMERS
(FILED JANUARY 3, 2019)

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PSC Docket No. 19-0002

ORDER NO. 9394

AND NOW, This 21st day of May, 2019, the Delaware Public Service Commission ("PSC" or the "Commission") finds, determines, and Orders the following:

WHEREAS, on January 3, 2019 Delmarva Power & Light Company ("DPL" or the "Company") filed with the Commission an application to revise its Transmission Service Charge for both its Standard Offer Service ("SOS") Fixed Price Service and SOS Hourly Priced Service from \$3.081774 to \$3.705054 per KW-month and to amend Tariff Leaf Nos. 111 and 114 to reflect the increase (the "Application"); and

WHEREAS, The Company requested the revised rates to be effective March 5, 2019.

WHEREAS, the proposed Transmission Service Charge is based on the Company's 2018 annual update to the Network Integrated Transmission Service ("NITS") rate as shown in the Company's informational filing with the Federal Energy Regulatory Commission ("FERC"). The informational filing was made on May 15, 2018 and reflected data in the 2017 FERC Form 1 for DPL. According to DPL, the Application implements the procedure for establishing retail transmission rates as set forth in PSC Docket No. 04-391, Order No. 6746 (Oct. 11, 2005). That settlement established a pass-through mechanism that permits DPL to establish transmission rates for retail customers that mirror the transmission rates that

PJM Interconnection, LLC ("PJM") charges DPL under FERC requirements; and

WHEREAS, this filing is typically made in the June timeframe, however, DPL claims it did not file until January due to ramifications of FERC Order 494 regarding settlement on PJM billing; and

WHEREAS, Staff conducted discovery regarding the timing of the filing, the cost impact to customers, and how supplemental transmission projects contributed to the rate; and

WHEREAS, the requested increase represents a 20.22 % increase in the Transmission Service Charge which would result in a \$1.83 increase in the bill of a typical residential customer using 840 kWh per month; and

WHEREAS, while Staff normally recommends implementing the rate on a temporary basis subject to Staff's detailed review, because the proposed Transmission Service Charge is based on the updated NITS rate filed in compliance with Attachment H-3, Formula Rate Implementation Protocols approved by FERC in Docket No. EROS-515 and as filed on May 15, 2018 in FERC Docket No. ER-09-1158, any challenges would have to be made at the FERC level, as opposed to in this docket. Given limited Staff resources and additional costs to conduct such a challenge, Staff does not recommend doing so at this time; and

WHEREAS, Staff respectfully recommends approval of the application. Given the challenge procedures provided in the formula rate Protocols in FERC Docket No. ER-09-1158, it would be unproductive from a cost and resource perspective to engage in additional discovery or challenges; and

WHEREAS, the issue of supplemental transmission projects and their associated costs has been an emerging issue in PJM for the past few years, and Staff notes that costs associated with supplemental

transmission projects, which are included in the Transmission Service Charge, continue to increase dramatically; and

WHEREAS, Staff will continue to investigate methods to improve transparency regarding supplemental projects in an effort to understand the rationale and costs associated with such projects;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That, pursuant to 26 Del. c. §306(a)(1), the proposed rates for Transmission Service Charges for SOS Fixed Price Service and Hourly Priced Service offerings reflected on revised Tariff Leaf Nos. 111 and 114 which the Company filed on January 3, 2019, are approved, effective with usage on and after June 1, 2019 as requested by the Company.


2. The Company should file final revised tariff sheet Leaf Nos. 111 and 114 within 15 days of this Order.

3. This docket should be closed upon the Company's compliance with the filing of the final revised tariff sheet Leaf Nos. 111 and 114.

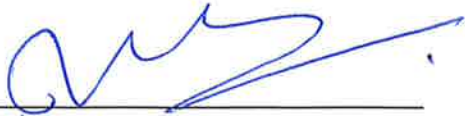
4. That the Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:



Chairman


Commissioner

Commissioner




Commissioner



Commissioner

ATTEST:



Secretary

